

Productivity Commission Inquiry: Childcare and Early Childhood Learning

February 2014



1. Introduction

The Association of Neighbourhood Houses and Learning Centres (ANHLC) welcomes the opportunity to respond to the Productivity Commission's Inquiry into Child Care and Early Childhood Learning. We make this submission on behalf of 395 Neighbourhood Houses and Learning Centres ('Neighbourhood Houses'), specifically the 132 Neighbourhood Houses that are licensed childcare providers in Victoria.

Neighbourhood Houses offer a range of activities and programs in response to local needs and circumstances, providing opportunities for social, educational, economic and civic participation. Child care and other children's services are provided in the context of Neighbourhood Houses' broader community development agenda: to facilitate community engagement; to enable participation in adult learning, work placement and volunteering; to facilitate linkages to other services. Child care typically provides a non-threatening entrée, providing an important pathway into the broader opportunities available at the neighbourhood house.

Of the 132 Neighbourhood Houses that are licensed childcare providers in Victoria:

- 94% (n=124) provide occasional child care
- 7% are long day care providers
- 23% run school holiday programs
- 8% provide out of school hours care (OSHC).

In addition, 89% deliver playgroups, 70% offer family support programs, 69% deliver early childhood development programs, and 66% deliver parenting courses.

ANHLC will focus in this submission on the place of occasional child care in the suite of flexible and affordable Early Childhood Education and Care (ECEC) services options available to communities, noting that when delivered in community-based settings, occasional child care also provides a pathway to a range of other ECEC services.

Recommendations

All providers of community-based occasional child care have access to Child Care Benefit (CCB).

Additional funding subsidies are provided to ensure the sustainability of community-based occasional child care services in rural communities

2. The value of community-based occasional child care and the rationale for government involvement

There are significant positive externalities to society and the community through the provision of OCC [occasional child care] services. This includes referrals to health and wellbeing services, childhood development, diagnosis of developmental problems and improved social inclusion (especially amongst CALD [culturally and linguistically diverse] and rural communities).¹

The Productivity Commission's Issues Paper, *Childcare and Early Childhood Learning*, understates the value and use of occasional child care in suggesting such services 'are used...by parents for short

periods whilst they attend appointments, shop, play sport, carry out domestic chores, or as respite care that simply gives a parent a break from full time childcare.²

Child care licensing arrangements in Victoria recognise two different types of limited hours child care services. A limited hours type 1 service is a service where each child is cared for or educated for not more than two hours a day and not more than a total of six hours a week; this service type is fits the description of occasional child care in the Issues Paper and tends to be delivered in commercial settings such as shopping centres, fitness centres, etc. A limited hours type 2 service is a service where each child is cared for or educated for not more than five hours a day, and not more than a total of 15 hours a week.³ This service type is characteristic of occasional child care delivered in community-based setting such as Neighbourhood Houses and typically comprises a mix of occasional and regular sessional care.

In 2007, Amity Management Consulting Group conducted a review of occasional care on behalf of the Federal government. The review, by Butlin et al, not only that found occasional child care 'is addressing gaps in the availability of child care services and is unique in its flexibility in providing short term, ad hoc and unpredictable care,'⁴ but identified a number of benefits specific to occasional child care delivered in community-based settings.

2.1 Occasional child care meets a broad range of community needs

Butlin et al found occasional child care services 'deliver a range of other community and family support services, including parent assistance, courses, community signposting, linking parents to other services, work experience in child care, pathways to other support services, and local sector representation...in the context of its regular services'.⁵

A Neighbourhood House that runs occasional child care necessarily has specialist childcare staff and community development staff. The typical staffing model of a small integrated team working together in an informal setting maximises the chances of a wide range of needs of the whole family being seamlessly met. Of the 132 Neighbourhood Houses that are licensed occasional child care providers in Victoria:

- 70% offer family support programs
- 66% offer parenting courses / groups
- 89% run playgroups
- 69% run early childhood development programs (early literacy, language development, etc.)

Dedicated children's services play an important community referral and family support role but their primary responsibility and function is to care for and educate children. Community-based occasional care is a dual function service type that is specifically designed to provide learning, development social and community development activities for children and their families/carers often on the same premises at the same time.

2.2 Occasional child care enables economic and social participation

Victoria has the highest number of children using occasional child care predominantly for work related purposes.⁶ Shift workers and others in irregular or non-traditional employment rely on occasional child care for affordable, locally-based care.

Occasional child care also facilitates training and skills development as well as pathways to broader community participation. Of the 132 Neighbourhood Houses that are licensed occasional child care providers in Victoria:

- 71% are involved in the delivery of vocational educational and training
- 68% deliver literacy and numeracy training
- 73% provide classes in English as a Second Language

Occasional child care in Neighbourhood Houses is also an avenue for volunteering in itself, as well as enabling volunteering elsewhere, which may be the first step for parents in participating in the life of the community.⁷ Occasional child care in Neighbourhood Houses also provides opportunities for community participation and student placements as well as paid employment.⁸

2.3 Occasional child care reaches families 'at risk'

Among those who rely on occasional child care are single parents, custodial grandparent carers, families in crisis and emergency situations, and the parents of children with a disability seeking respite care.⁹

A 2011 survey of 85 Neighbourhood House providers of occasional child care found these services were used by vulnerable groups in the community. People on low incomes were the group that the majority of centres provided a service for (95%), those socially isolated or at risk of social isolation (80%), and people looking for employment (73%). For the 38 non-metropolitan providers, these numbers increased in some categories: all providers (100%) catered for people on low incomes, 92% for working families and 29% for Aboriginal and Torres Strait Islanders.

Asked about the main reasons families use their occasional child care services, 87% of providers nominated social development of the child, while 78% said to provide time out for parents. A significant number of centres reported people use the service to enable education and training (26%) and engaging in (21%) or seeking (12%) employment.

Significantly, 24% of centres reported that clients used the service as respite for children with a disability.

2.4 Subsidised occasional child care offers essential affordability and flexibility

Butlin et al found there is 'a genuine and continuing need among families for non-standard, flexible and affordable care for their children'.¹⁰ In a 2008 study, Clausen found that Neighbourhood Houses provide occasional child care to a 'higher proportion of people vulnerable to financial stress than in the general community', who are 'drawn to this service because it is affordable and flexible'.¹¹

This is borne out by data collected by ANHLC in a survey of Neighbourhood House participants in 2013. Of the 4,268 people who attended their Neighbourhood House primarily for child care or play groups, 22% were health care or concession card holders (n=945), compared with 13.6% of the population in the same age cohort in Victoria.¹²

Importantly, Butlin et al noted that '[i]f child care systems are not responsive ...these [working] parents, who are usually not the high income earners, are disadvantaged in managing child care and work'.¹³

2.5 Rural economies depend on occasional child care

Successive studies have identified the importance of occasional child care for rural communities and farming families. Butlin et al found '[w]orking parents in small rural and regional areas have very limited access to any child care' which 'has a direct economic impact on these communities';¹⁴ and that for small rural and remote communities, occasional child care is often the only centre-based child care provided in the area.¹⁵

The United Dairyfarmers of Victoria describe access to occasional child care as an important issue affecting the continued development of regional communities:

Occasional Care is important in a variety of ways. Farmers use the program when it becomes too dangerous to have children around certain farming activities like working with machinery or handling livestock. They also use it so they can get involved in volunteer activities within the community, or as a means of providing work/life balance.

The removal of this service [would] make it harder for people in the affected communities and it will certainly make it harder to attract new people with the skills that regionally based industry urgently needs.¹⁶

In a 2011 media release in support of government funding for occasional child care, the Country Women's Association outlined the benefits, which included for children, socialisation and learning; for parents, opportunities to volunteer, connect and 'look after their own mental and physical health needs'; and for communities, economic activity, providing jobs, and 'developing connectedness amongst local families'.¹⁷

Butlin et al also found occasional child care viability in a small rural communities is already 'marginal'¹⁸ and 'the current funding models for rural and remote areas are limited in their ability to provide adequate access to flexible child care for working parents,' which 'acts as a barrier to economic participation and has important consequences for the rural economy'. This is especially the case in areas where the occasional child care service is the only centre-based child care service in the area.¹⁹

A progressive loss of subsidies since 2010 has only exacerbated this situation (see section 3, below).

2.6 Long day care is not an alternative

Long Day Care (LDC) is not a simple alternative to occasional child care. Butlin et al found '[o]nly a small proportion of care provided in Australian Government funded occasional child care could be met by LDC'²⁰. Significantly, 'parents had very valid reasons for choosing occasional child care and were articulate about their reasons for not using other forms of care: flexibility, relative affordability and 3 year old activity groups were the key deciding factors in their choice of occasional child care.'²¹

In the 2010 ANHLC survey, 59 providers (69%) reported having waiting lists for their Occasional child care services; 889 families were on those lists—an average of just over 15 families per provider. The largest waiting list—in a growth area of outer metropolitan Melbourne—had 76 families on it.²²

Community-based occasional child care differs from other types of childcare provision in that parents may stay on the same premises, remaining available for their child while participating in activities for themselves. This service provision model is particularly important and most appropriate for children for whom long day care is too daunting due to separation issues and other special needs. Additionally, community based occasional child care provides an alternative for families where long day care is socially or culturally unfamiliar or inappropriate and/or too expensive and logistically inflexible.

“Two specific examples were provided where the ‘access point’ enabled parents to significantly improve both their child’s and their own lives. One example was where both parents were unemployed and participating in methadone programs. As a result of their child attending OCC [occasional child care], the parents were exposed to further training and education courses, of which parents subsequently enrolled. It is understood that both parents are now working, improving their economic circumstances as well as their child’s future opportunities. Another example provided was that of where staff introduced a family into the services provided by the community centre (the family consisted of a single parent who suffered from mental health issues and her children). Prior to the family using the centre, the child was largely confined to sitting in a pram, and hence was significantly develop-mentally delayed. The centre assisted in linking the mother into mental health services, and through the OCC service, the child received appropriate intervention that contributed to the child being able to walk.”

KPMG, *Review of the Occasional Child Care funding model*, Department of Education and Early Childhood Development, February 2011.

If, as outlined in the Issues Paper, the government's main rationale for involvement in ECEC is 'to enhance learning and development outcomes for children and to generate broader social and economic benefits', then there is a clear case for supporting and strengthening the delivery of occasional child care in community-based settings.

3. Availability and cost of occasional child care

Prior to 30 June 2010, the Commonwealth government provided funding for community-based child care through the Neighbourhood Model Occasional Childcare (NMOC) program. In Victoria, the State Government combined the Commonwealth NMOC funding with its own contribution to subsidise occasional child care delivery through the Take A Break (TAB) program, with the Commonwealth's share comprising 55% and the State's share comprising 45% of program funding. This occurred via a funding agreement between the NMOC, the Australian Department of Education, Employment and Workplace Relations (DEEWR) and the Victorian Department of Education and Early Childhood Development (DEECD). When the Commonwealth ceased NMOC funding, the Brumby State Government assumed funding for the whole program from 1 July 2010, and commissioned KPMG to review the program.²³ In May 2011, the Baillieu State Government announced it would cease funding the TAB program effective December 2011.

ANHLC has closely monitored the impact of TAB program cessation, with the most recent figures suggesting 19% of occasional child care services in Neighbourhood Houses have closed since the subsidies were withdrawn.²⁴ In addition, less than 12 months after the state government's announcement of the cessation of the TAB program:

- 16% of providers had cut hours of available child care, resulting in a significant reduction in services in some cases: e.g. from 5 days per week to 2 days per week in one rural town, and from 3 days per week to 1 day per week in another—in both cases, the only centre-based child care services available locally.
- Of services remaining open, 71% had increased fees, with an average fee increase of 16% and fee increases as high as 45%.²⁵

ANHLC survey results also showed the broader effects of child care service closures on families at risk. In 2011, Neighbourhood Houses that provided child care were 42% more likely to report a decrease in participation rates among women aged 26-44 and more than three times as likely to report a decrease in participation rates among children aged 0-5 than Neighbourhood Houses without child care services. They were also twice as likely to report a decrease in participation rates among people at risk of social isolation and nearly three times more likely to report a decrease in participation rates among people with a disability than Neighbourhood Houses without child care services.²⁶

The KPMG report commissioned by the Brumby Government was released by the Baillieu Government. The report found Indigenous children and children with disability (though not the children of parents with disability) represented a small proportion of those accessing occasional child care, although culturally and linguistically diverse groups were found to make up 9-10% of service users;²⁷ and concluded state policy objectives to reduce disadvantage amongst the Victorian community were not being effectively met through the existing regime of occasional child care subsidies.²⁸ However, the report did not consider utilisation by low income families, who are shown by to make up 22% of occasional child care service users as outlined above. The report recommended that TAB program subsidies cease, largely on the grounds that the 'ability of users to absorb cost increases is untested, but analysis suggests there is room to increase OCC fees.'²⁹

Such assumptions are not borne out by experience, as demonstrated by a case study from central Victoria. Prior to the cessation of the TAB funding program, the Neighbourhood House charged \$14 per child per session, \$12 concession, and had a waiting list of 70 families. Following the cessation

of subsidies, the provider increased their fees to \$24 and \$22 respectively. The number of families on the waiting list has since dropped by 36%. This has occurred in the absence of any local supply side changes, i.e. no new local childcare services or places have become available.

Given the recommendation to cease government subsidies, it is interesting to note that KPMG also suggested that the positive externalities provided through community-based occasional child care are 'likely to contribute to a level of social benefit, creating a situation where marginal social benefit exceeds marginal social cost, and therefore result in a position where it is in society's interest to increase the amount of OCC provided... to gain the greatest societal benefit.'³⁰

The authors of the report concluded, 'If OCC services were to become eligible for approved CCB [Child Care Benefit] payments, it could also result in improved equity in determining who receives subsidies for OCC...[T]hose most in need (on an income basis) would receive a greater level of subsidy when accessing OCC.'³¹

Finally, the KPMG review suggested, 'it may prove that the nature of OCC is inherently too difficult to maintain as a break even concern, compared to the current practice of centres offering OCC as more of a sessional based child care service. Therefore, it may prove more beneficial, to both services and families, to reinforce the practice of pre-booking child care places and collecting fees in advance, with a change in focus from occasional to sessional child care.'³²

In October 2011, after ongoing lobbying, the Commonwealth Government announced the creation of new Commonwealth funded occasional child care places for which Victorian providers of occasional child care were eligible, subject to being approved to administer Child Care Benefit (CCB). Thirty-one of the 124 Neighbourhood Houses that provide occasional child care received CCB places in 2012.

ANHLC monitored both the ongoing impact of the 2011 cuts and the impact of the 2012 new Commonwealth places in our 2013 survey of Neighbourhood Houses.

Of the 31 Neighbourhood Houses that received CCB places in 2012, 25 had previously received TAB program funding. Four of these providers had a net decrease in the available places, and 12 had decreased grant income compared to their 2010 funding levels. Six providers had a net increase in available places, and 11 providers had increased grant income compared to their 2010 funding levels.

Of the 93 Neighbourhood Houses who did not receive CCB places, six ceased providing occasional child care in the preceding 12 months, three of them in rural communities, while a further 20 reduced the number of hours provided.

4. Recommendations

With a modest investment, occasional child care services in community-based settings can deliver a range of benefits that meet government objectives for ECEC, particularly for families at risk. For those on low incomes and with low income earning potential, occasional child care provides an affordable and flexible ECEC option.

To ensure that government funding is appropriately targeted, ANHLC recommends all providers of community-based occasional child care have access to CCB.

ANHLC further recommends that additional funding subsidies are provided to ensure the sustainability of community-based occasional child care services in rural communities

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- ¹ KPMG, 2011. *Review of the Occasional Child Care funding model*, Department of Education and Early Childhood Development, February, p.28
- ² Australian Government, 2013. *Childcare and Early Childhood Learning*, Productivity Commission Issues Paper, December. Available online: http://pc.gov.au/_data/assets/pdf_file/0016/130462/childcare-issues.pdf Accessed 25 Feb 2014.
- ³ Victorian Government, 2009. Children's Services Regulations 2009, p.5. Available online: <https://www.eduweb.vic.gov.au/edulibrary/public/earlychildhood/CSRegulations2009-53sr001.pdf> Accessed 25 Feb 2014.
- ⁴ Butlin, Dr Andy, Lambert, Dave, Mauk, Catherine and Stewart, Fiona, (Amity Management Consulting Group), 2007), *Occasional Child Care: Flexible Child Care for Australian Families*, FACSIA, Canberra, p.35
- ⁵ ...p.35
- ⁶ ...p.25
- ⁷ ...p.46
- ⁸ Clausen, M. *The Provision of Occasional Childcare: the Neighbourhood House Model*. Melbourne: Association of Neighbourhood Houses and Learning Centres, 2008, p.4
- ⁹ ...p.46
- ¹⁰ Butlin et al, 2007, p.46
- ¹¹ Clausen, 2008, p.i
- ¹² Social Health Atlas of Australia: Statistical Local Area and Local Government Area, Published 2012. Available online: <http://www.publichealth.gov.au/data/social-health-atlas-of-australia%3A-statistical-local-area-and-local-government-area-published-2012.html> Accessed 7 Feb 2014.
- ¹³ Butlin et al, 2007, p.6
- ¹⁴ ...p.6
- ¹⁵ ...p.46
- ¹⁶ Victorian Farmers Federation, 2011. 'Dairy farmers call on government to back Occasional Care extension', Media release, Tues 19 July. Available online: http://mediacom.vff.org.au/media_centre/detail.php?order=364 Accessed 27 Feb 2014.
- ¹⁷ The Country Women's Association of Victoria Inc, 2011. Media Release: Occasional Child Care, 8 August.
- ¹⁸ Butlin et al, 2007, p.33
- ¹⁹ ... p.43
- ²⁰ ... p.9
- ²¹ ... p.46
- ²² Association of Neighbourhood Houses and Learning Centres, 2010. *Take a Break Funding and Neighbourhood Houses*, 28 May. Unpublished report.
- ²³ KPMG, 2011
- ²⁴ In 2009, ANHLC records showed 163 Neighbourhood Houses were licensed child care providers. Annual Neighbourhood House Survey 2013 data shows the figure has dropped by 19% (n=31) to 132; report forthcoming, April 2014.
- ²⁵ ANHLC Members Survey 2011, unpublished report.
- ²⁶ ...
- ²⁷ KPMG, 2011, p.13
- ²⁸ ... p.15
- ²⁹ ... p.iv
- ³⁰ ...p.63
- ³¹ ...p.64
- ³² ... p.62